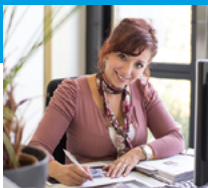


Quarterly financial report 3/2014

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MASTERFLEX GROUP
Connecting Values

Masterflex at a Glance

Highlights in the first nine months

Strategic development

Continuing profitable growth course

New organisation at German locations begins to bear fruit

High-temperature exhaust hose FireFlex™ launched on US market

	30.09.2014	
Consolidated revenue (k€)	48,079	
EBITDA (k€)	7,434	
EBIT (k€)	5,312	
EBT (k€)	4,428	
Consolidated earnings from continued business units (k€)*	2,876	
Consolidated earnings from discontinued business units (k€)	-37	
Consolidated net income/loss (k€)	2,794	
Earnings per share (€)		
from continued business units	0.32	
from discontinued business units	0.00	
from continued and discontinued business units	0.32	
EBIT margin	11.0 %	
Employees	579	
	30.09.2014	
Consolidated equity (k€)	26,216	
Consolidated total assets (k€)	57,370	
Consolidated equity ratio	45.7 %	

* without minority interests

Only the german version is legally binding.

Operating trends

Revenue rises by almost 9%

Significantly strong growth in operating earnings

Highly satisfactory equity ratio of over 45%

30.09.2013	Change in %
44,153	8.9 %
6,563	13.3 %
4,655	14.1 %
3,515	26.0 %
2,246	28.0 %
-29	27.6 %
2,087	33.9 %
0.24	33.3 %
0.00	
0.24	33.3 %
10.5 %	
529	9.5 %
31.12.2013	Change in %
23,023	13.9 %
53,690	6.9 %
42.9 %	

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Dear Shareholders,

The situation is better than the sentiment – we could say that based on our nine-month figures. Regardless of all the grumbles over the gloomier sentiment, our business has expanded by 8.9% compared to the same period of the previous year.

We have generated an impressive € 48.1 million with the development, production and sales of high-tech hoses and connection elements in the first nine months of this year. While this increase is a little less than the rate in the first half of the year (Q2: 10.4%), our growth is still significantly ahead of that of the global economy. And after a quiet month with plenty of summer holidays in August, we were almost back to the level of our own ambitious planning in September. This is also true of our operating earnings of € 5.3 million, which rose much faster than revenue thanks to the better capacity utilisation and gave us a double-digit EBIT margin.

In line with our long-term growth strategy, we are focusing on new products. And we intend to grow with an increasingly international business. Even though our growth currently stems from Europe in particular, this is only a snapshot. The drivers behind the momentum are constantly shifting: Europe today, America tomorrow, Asia the day after. Any company wishing to grow more than most would be well advised not to sit idly by watching these shifts.

That's why we are ramping up our work on product innovations for specific customer groups in international markets as well. The most recent example of this is the launch on the US market of our high-temperature exhaust hose FireFlex™ from our Masterduct brand. The new hose enables fire departments in the US to check and perform



Dr. Andreas Bastin,
Chief Executive Officer

maintenance on their heavy-duty fire engines quickly and efficiently without risk to life or limb. The results of the field study conducted specially for this purpose proved us right: We are the clear technology leader on the high-tech hoses market. And that's the way we aim to keep as well.

Our new refinancing, which we completed in the previous year with a syndicated bank loan, is now also having a highly positive effect on our income statement. While the incidental costs of the loan initially diluted the financial result, the significant improvement in financing conditions is now becoming increasingly clear.

And this is not just due to the general drop in interest rates, but also to the fact that the Masterflex Group's credit rating is now back at an excellent level with an equity ratio of more than 45%. Incidentally, as the Masterflex Group does not have a company pension plan (not even for the Executive Board!) our statement of financial position is not weighed down by higher interest cost factors for future payment obligations. If you look at other balance sheets, this can by no means be taken for granted for listed companies.

As a shareholder, I am glad. I hope that you, ladies and gentlemen, are glad as well. Our shares have suffered a little as nervousness has returned to the capital market in a big way. This is no cause for concern: The prospects for our business model are good – and I, like my Executive Board colleague Mark Becks, and all our employees are working vigorously to keep on making our growth strategy a reality. Stick with us!

Gelsenkirchen, 3 November 2014

Yours,



Dr. Andreas Bastin
Chief Executive Officer

Interim Management Report

Group structure and business activities

The Masterflex Group, with its parent company Masterflex SE, Gelsenkirchen (also referred to below as the Masterflex Group), is a supplier of high-tech hoses and connection systems. The international group of companies with its roots in Germany is a specialist in the development and manufacture of high-quality connector systems made from high-tech plastics and fabrics.

The main production sites of the international Masterflex Group with five corporate brands as well as 13 operating subsidiaries are Gelsenkirchen, Halberstadt, Norderstedt and Houston (United States). In addition, the Masterflex Group has various locations in Europe, America and Asia through its branches and sales partners.

Masterflex shares have been traded on the Frankfurt Stock Exchange since 2000.

Market and competition

The global market for high-tech hoses and connection systems comprises many predominantly regionally oriented specialist markets, which are mostly served by SMEs. Its customers mostly come from the manufacturing sector including industrial applications (B2B market). Key industries include mechanical engineering, aviation, the automotive industry, energy, food, pharmaceuticals and, increasingly, medicine as well.

Nevertheless, it is an attractive market given the difficulty in acquiring expertise in the production, processing and application of the sophisticated polymers and the variety of possible operations. This is characterised by small batch sizes, in both production and sales, and by consulting intensity and development expertise for customer-specific solutions.

Our customers come from almost all sectors of industry and manufacturing, with a rising share of pharma, food and medical technology. Our business therefore experiences relatively little economic fluctuation.

Business development in the first nine months of 2014

Since the summer, economic development – which was still expected to develop very positively at the start of the year – has clearly been stalling. Growth forecasts have been scaled back in Germany and other countries in which the Masterflex Group operates. Sentiment has even dimmed in China, though relatively high growth rates compared to Europe of around 7% are still being seen there.

Despite this slowdown in momentum, our business – the development, production and consulting-oriented sale of high-tech hoses and connection elements – continued to develop very well. In the first nine months of the year our revenue climbed by 8.9% to € 48.1 million; in the previous year this figure had been only € 44.2 million. Our order backlog is also extremely stable. This is thanks to our broadly positioned and therefore comparatively fluctuation-proof customer portfolio, in addition to our extended sales and marketing efforts. Moreover, this reflects the first positive effects in process management after the reorganisation of German location management.

We are continuing our growth as expected this year as well.

Internationalisation

One of the two elements of the Masterflex Group's sustainable growth strategy is internationalisation. We want to gradually expand the focal point of our revenue, which is still in Europe today, and generate a larger share of our business on selected markets of other continents, particularly North and South America as well as Asia. Even if at first glance this seems to be moving a little more slowly on account of the momentum in Europe, we are seeing significantly stronger growth momentum than in Europe on other continents. In addition, our ability to

supply internationally is a big plus point for us with German global players as they feel well taken care of by our locations all over the world.

We have been operating in China since the end of 2012. Business at our location in Kunshan near Shanghai is getting better all the time; revenue in 2014 has risen significantly compared to the previous year – the first year of full business activities. In addition, the development of a retailer network in other Asian countries is continuing.

In North America the economy has found its feet again since the spring of 2014 after the harsh winter, which had a clear impact on economic activity. The US is still an exciting market for us, but not an easy one, and one that is currently being influenced by exchange rate effects as well. Here we are dedicating a great deal of energy to the goal of further increasing market penetration in this large and therefore industrially diverse region. This also applies to the location in Brazil founded in 2010: Our activities here are progressing at a stable, more profitable level which are constantly expanded.

The brisk business activities of our joint venture in Russia, Masterflex RUS (Masterflex share of 51%) based in St. Petersburg, have not been negatively affected by the Ukraine conflict to date. So far we have only seen the effects of the crisis in exchange rate changes. However, future development here is highly uncertain as the conflict draws on.

These general conditions are part of the reasons why the internationalisation of our business is not developing quite as quickly as we anticipated. However, this delay does not mean that we are turning our back on our strategically designed internationalisation. This is because we see reducing our Eurocentrism – for which there are historical reasons – as a highly significant factor in our long-term growth journey.

Innovation

The second core element of our sustainable growth strategy is innovation. We are constantly developing new hoses and connecting parts, which are usually initiated by customer inquiries.

The innovative FireFlex™ hose was recently launched by our US location. FireFlex™ is a High-Temperature Vehicle Exhaust Hose for the purpose of venting high-temperature exhaust gases away from the fire station area. The lower hose is equipped with a sophisticated, rigid protective heat shield in front of the exhaust, which supports the connection between the injection nozzle and the exhaust pipe without allowing dangerous combustion gases to escape. The upper part of the – in this case multi-layered – hose is designed for high temperatures up to around 370° Celsius (more than 700° Fahrenheit) and can also be quickly and easily positioned with a single hand grip. The launch case study conducted with fire departments impressively confirmed that FireFlex™ excellently assists fire services in their work with their heavy-duty diesel fleets, and satisfies the stringent requirements of the US environmental authorities. It was therefore received extremely positively on the market as well. We are thus anticipating very positive ongoing marketing prospects.

Further innovative connection products are currently in the development or test phase.



Results of operations, net assets and financial position

Results of operations

Revenue increased by 8.9% to € 48.1 million in the first three quarters of 2014. At € 49.0 million, gross revenue was 9.2% higher than in the previous year (€ 44.9 million). Thus, we virtually maintained the rate of our growth in the third quarter as well with revenue of € 16.1 million and gross revenue of € 16.7 million.

Consolidated EBITDA after nine months climbed by 13.3% as against the same period of the previous year (2013) from € 6.6 million to € 7.4 million. The strong rise in EBITDA relative to revenue is due to the lower rise in staff costs (up 5.5%) and other expenses (up 5.7%). However, costs of materials were up 13.8% at € 15.7 million. This corresponds to a cost of materials ratio (cost of materials in relation to revenue plus changes in inventories) of 32.3% (previous year: 31.0%). The higher cost of materials ratio is essentially due to order structure composition effects.

By contrast, the rise in staff costs slowed considerably in the first nine months of the year. These costs increased by only 5.5% to € 17.4 million. This corresponds to a staff cost ratio of 36.0% (ratio of staff costs to revenue plus the change in inventories; previous year: 37.2%). This reflects the end of our first big personnel expansion phase as part of our internationalisation. The rise in headcount to a current average of 579 as against 529 in the same period of the previous year is primarily due to our production growth.

As part of our growth strategy we are continuing to invest in locations and facilities. Depreciation on property, plant and equipment amounted to € 2.1 million as at 30 September 2014, 11.2% higher than in 2013 (€ 1.9 million).

EBIT from business activities in the first nine months of 2014 rose by 14.1% from € 4.7 million to € 5.3 million, leading to a stable double-digit EBIT margin of 11.0%. The slight increase in this margin as against the same period of the previous year (10.5%) is due to our improved capacity utilisation.

Net finance result amounted to € -0.9 million in the first nine months of 2014, a reduction of 22.5% as against the same period of the previous year (€ -1.1 million). The reason for this is the new syndicated loan agreed in spring 2013 with its significantly improved conditions.

By contrast, income tax result was up by 22.3% at € -1.6 million. This is as a result of our positive operating earnings, which are depleting tax loss carryforwards and therefore also reducing deferred tax assets.

Consolidated net profit for the first nine months of 2014 amounted to € 2.8 million, an increase of 33.9% as against the previous year's profit of € 2.1 million. Earnings per share were € 0.32 and therefore 33.3% higher than for the same period of the previous year (€ 0.24).

Net assets

Total assets amounted to € 57.4 million as of 30 September 2014. The total figure for all assets was therefore up by 6.9% as against the end of 2013. This was mainly contributed to by current assets.

Non-current assets were down slightly by 2.3% as against the end of 2013 at € 31.1 million. This primarily reflects the items, less amortisation and depreciation, of intangible assets (€ 4.1 million) and land/buildings and technical equipment/machinery (€ 19.1 million), which the slight rise in operating and office equipment (€ 2.2 million) and advance payments (€ 0.8 million) failed to offset. In addition, deferred tax assets were down heavily at € 4.6 million on account of the good earnings (end of 2013: € 5.4 million).

By contrast, current assets grew by 20.2% as against the end of 2013 to € 26.2 million on account of buoyant business performance. Their share of total assets is now approaching 46%. This expansion was contributed to by the rise in inventories of 17.1% to a value of € 12.5 million. In addition, as a result of the dynamic business, trade receivables in particular were up by 30.4% compared to the end of 2013 to currently € 8.0 million. Our liquidity also increased by 18.7% to € 5.6 million (cash and cash equivalents and bank balances).

Financial position

Equity rose by € 3.2 million to currently € 26.2 million. This is primarily due to the net profit for the period; there were also minor positive currency translation effects. Compared to all assets, the accounting equity ratio is therefore wholly satisfactory at 45.7%.

Non-current borrowing decreased by 7.5% from € 20.4 million to € 18.9 million. In particular, this shows the effect of repayments of lower financial liabilities of now only € 16.8 million.

By contrast, current borrowings increased by 20.5% from € 10.0 million as at the end of 2013 to € 12.0 million. This increase is due to higher provisions of € 3.2 million (a rise of 27.5% as against the end of 2013), a slight increase in financial liabilities of 5.5% to currently € 4.6 million and trade payables, which climbed by 42.3% to € 2.3 million.

The Masterflex Group was solvent at all times in the reporting period. In addition, Masterflex SE has a free, unutilised credit facility at its disposal under the syndicated loan.

Staff report

The Masterflex Group again created several new jobs in 2014 as part of its intercontinental growth strategy. The Masterflex Group employed an average of 579 people in the first nine months. This marks an increase of 9.5% as against the same period of the previous year (529 employees). New jobs were created in particular at the Novoplast Schlauchtechnik brand, which is experiencing dynamic growth, and at individual European locations such as the Czech Republic or in America and Asia.

Research and development

We are continuing to develop R&D projects all the time. As at 30 September 2014, there have been no material changes since the statements made in the 2013 Group management report.

Report on post balance sheet date events

No events of particular significance relating to the results of operations, net assets or financial position occurred after the end of the reporting period.

Opportunities and risk report

There have been no changes in the opportunities and risk situation as presented in the 2013 Group report.

Outlook

Assessments of economic developments have darkened considerably. This applies not just to Germany and Europe, but also to most other regions in which the Masterflex Group is represented.

This turnaround has not yet had any noticeable effect on our business. On the contrary, we are continuing to grow much more rapidly than the global economy. One reason for this is presumably our selective investment and marketing efforts in the past more than five years in order to operate more on acyclical markets, such as food, medical technology and pharma. Thus, we see this as a confirmation of our course.

We will continue our long-term growth strategy with its two pillars of structured internationalisation and continuous product innovation undiminished. In an ideal situation, these two pillars supplement each other, as was recently the case with the launch on the US market of the product innovation FireFlex™. Building on this, we will keep on working – purposefully, constantly and sustainably – to continue tapping this huge market potential.

Today we are confident of keeping the forecast we issued for 2014. This means:

- Our revenue growth in 2014 will exceed the rate forecast for the world economy at the start of the year of 3.5%.
- As forecasted, there will be a rise above-average in operating earnings relative to revenue.
- The EBIT margin will be stable in the double digits.

With a revenue growth of 8.9%, a rise in operating earnings of 14.1% and an EBIT margin of 11.0%, each element of our 2014 forecast has been achieved in full after nine months.



The top section of a drip chamber made of PVC from **FLEIMA-PLASTIC** for use in disposable tubing sets for blood separation treatment

Masterflex shares



Data: daily closing rates

Since the start of the year, Masterflex shares have largely tracked sideways with only a slight increase of 1.3% (see graphic). By contrast, the volatility of the shares has been much more pronounced.

While the performance of the shares relative to the S-Dax was more pronounced both upwards and downwards in the first quarter, the stock made up for lost ground after the publication of the quarterly and half-year figures on 12 May and 14 August, climbing to prices of over € 7.30. In September the shares continued to hover around the € 7-line with relatively high turnover. The shares then ended the reporting period there with a Xetra closing price of € 6.97. In October the shares declined heavily against a backdrop of generally recurring jitters on the capital markets and fell to prices around € 6.70. Even though the Masterflex Group's business has not yet been discernibly affected by the economic uncertainty, as a small cap its shares cannot break away from the general situation on the German stock market.

In terms of closing prices on Xetra, the highest price achieved by the shares in the first nine months was € 7.57 (23 January 2014); its lowest was € 6.60.

On 9 September 2014 the significant shareholder von Rautenkranz GbR reported in accordance with the German Securities Trading Act that its share of voting rights had fallen below the threshold of 3%. We did not receive any other voting right notifications.

Share turnover was a little lower than the previous year's level in the first nine months. At more than 5,000 shares per trading day on Xetra and Frankfurt floor trading, liquidity is below the previous year's figure of around 6,700 shares. One reason for this may be that the shares were handled by two banks as designated sponsors until the end of 2013. Turnover in shares varied significantly at times: On some days only a few shares were sold, on others they changed hands in five-figure amounts.

We maintain regular contact with investors and analysts, thereby endeavouring to raise the visibility of our shares on the market. This year a series of institutional investors have shown interest in the Masterflex Group and discussed strategy and the opportunities of its business model on site with the management. The Masterflex Group will be again represented at the Equity Forum and at roadshows for private investors.

Financial Calendar

Dates for 2014/2015	
28 March	Financial press conference, presentation of 2013 Annual Report, Düsseldorf
28 March	DVFA Analyst Conference, Frankfurt/Main
12 May	Q1/2014 report
24 June	Annual General Meeting, 11:00 a.m., Gelsenkirchen
14 August	H1/2014 report
14 November	Q3/2014 report
24 to 26 November	German Equity Forum, Frankfurt/Main
30 March 2015	Financial press conference, presentation of Annual Report 2014

Interim financial statements

Consolidated balance sheet

Assets	30.09.2014* k€	31.12.2013 k€
NON-CURRENT ASSETS		
Intangible assets	4,089	4,245
Concessions, industrial and similar rights	482	639
Development costs	134	142
Goodwill	3,258	3,258
Advance payments	215	206
Property, plant and equipment	22,120	21,759
Land, land rights and buildings	11,169	11,256
Technical equipment and machinery	7,960	8,280
Other equipment, operating and office equipment	2,180	2,008
Advance payments and assets under development	811	215
Non-current financial assets	322	342
Non-current financial instruments	131	117
Other loans	191	225
Other assets	1	1
Other financial assets	8	83
Deferred taxes	4,599	5,441
	31,139	31,871
CURRENT ASSETS		
Inventories	12,533	10,699
Raw materials and consumables used	6,826	5,719
Work in progress	684	546
Finished products and goods purchased and held for sale	5,021	4,367
Advance payments	2	67
Receivables and other assets	8,048	6,173
Trade receivables	7,084	5,103
Other assets	961	1,045
Other financial assets	3	25
Income tax assets	7	192
Cash in hand and bank balances	5,636	4,749
	26,224	21,813
Assets held for sale	7	6
	26,231	21,819
Total Assets	57,370	53,690

* unaudited

Equity and liabilities	30.09.2014* k€	31.12. 2013 k€
SHAREHOLDERS' EQUITY		
Consolidated equity	25,746	22,447
Subscribed capital	8,732	8,732
Capital reserve	26,252	26,252
Retained earnings	-7,963	-10,757
Revaluation reserve	-577	-591
Exchange differences	-698	-1,189
Minority interest	470	576
Total equity	26,216	23,023
NON-CURRENT LIABILITIES		
Provisions	80	194
Financial liabilities	16,784	18,162
Other financial liabilities	60	88
Other liabilities	1,388	1,388
Deferred taxes	580	594
	18,892	20,426
CURRENT LIABILITIES		
Provisions	3,169	2,485
Financial liabilities	4,602	4,362
Other financial liabilities	49	45
Income tax liabilities	655	430
Other liabilities	3,568	2,670
Trade payables	2,268	1,588
Other liabilities	1,300	1,082
	12,043	9,992
Liabilities directly connected with assets held for sale	219	249
	12,262	10,241
Total Equity and liabilities	57,370	53,690

* unaudited

Consolidated income statement

	Continued business units	01.01.– 30.09.2014* k€	01.01.– 30.09.2013* k€
1.	Revenue	48,079	44,153
2.	Changes in inventories of finished goods and work in progress	450	311
3.	Work performed by the enterprise and capitalised	168	8
4.	Other operating income	322	409
	Gross revenue	49,019	44,881
5.	Cost of materials	-15,664	-13,767
6.	Staff costs	-17,447	-16,531
7.	Depreciations	-2,122	-1,908
8.	Other expenses	-8,474	-8,020
9.	Financial result		
	Financial expenses	-910	-1,158
	Other financial result	26	18
10.	Earnings before taxes	4,428	3,515
11.	Income tax expense	-1,552	-1,269
12.	Earnings after taxes from continued business units	2,876	2,246
	Discontinued business units		
13.	Earnings after taxes from discontinued business units	-37	-29
14.	Consolidated net income/loss	2,839	2,217
	thereof minority interests	45	130
	thereof attributable to shareholders of Masterflex SE	2,794	2,087
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.32	0.24
	from discontinued business units	0.00	0.00
	from continued and discontinued business units	0.32	0.24

* unaudited

Consolidated statement of comprehensive income

		01.01.– 30.09.2014* k€	01.01.– 30.09.2013* k€
	Consolidated net income/loss	2,839	2,217
	Other result		
1.	Currency translation differences from the translation of foreign operations	491	-209
2.	Net result from “available-for-sale” financial assets	14	42
3.	Other result for the period under review, after taxes	505	-167
4.	Overall result	3,344	2,050
	Overall result:	3,344	2,050
	thereof minority interests	45	130
	thereof attributable to shareholders of Masterflex SE	3,299	1,920

* unaudited



Consolidated income statement

	Continued business units	01.07.– 30.09.2014* k€	01.07.– 30.09.2013* k€
1.	Revenue	16,105	15,187
2.	Changes in inventories of finished goods and work in progress	381	77
3.	Work performed by the enterprise and capitalised	15	4
4.	Other operating income	192	73
	Gross revenue	16,693	15,341
5.	Cost of materials	-5,372	-4,841
6.	Staff costs	-5,830	-5,529
7.	Depreciations	-739	-642
8.	Other expenses	-2,978	-2,976
9.	Financial result		
	Financial expenses	-268	-288
	Other financial result	13	7
10.	Earnings before taxes	1,519	1,072
11.	Income tax expense	-547	-376
12.	Earnings after taxes from continued business units	972	696
	Discontinued business units		
13.	Earnings after taxes from discontinued business units	-15	-31
14.	Consolidated net income/loss	957	665
	thereof minority interests	23	48
	thereof attributable to shareholders of Masterflex SE	934	617
	Earnings per share (diluted and non-diluted)		
	from continued business units	0.11	0.07
	from discontinued business units	0.00	0.00
	from continued and discontinued business units	0.11	0.07

* unaudited

Consolidated statement of comprehensive income

		01.07.– 30.09.2014* k€	01.07.– 30.09.2013* k€
	Consolidated net income/loss	957	665
	Other result		
1.	Currency translation differences from the translation of foreign operations	395	6
2.	Net result from “available-for-sale” financial assets	20	41
3.	Other result for the period under review, after taxes	415	47
4.	Overall result	1,372	712
	Overall result:	1,372	712
	thereof minority interests	23	48
	thereof attributable to shareholders of Masterflex SE	1,349	664

* unaudited




Consolidated cash flow statement

As of	30.09.2014* k€	30.09.2013* k€
Result for the period before taxes, interest expenses and financial income	5,230	4,497
Income taxes paid	-693	-926
Depreciation expense for property, plant and equipment and intangible assets	2,122	1,908
Change in provisions	541	336
Other non-cash expenses/income and gains/losses from the disposal of property, plant and equipment and intangible assets	-246	131
Changes in inventories	-1,834	-370
Changes in trade receivables and other assets that cannot be allocated to investment or financing activities	-773	-926
Changes in trade payables and other equity and liabilities that cannot be allocated to investment or financing activities	79	-490
Net cash from operating activities	4,426	4,160
Proceeds from the disposal of non-current assets	276	0
Payments to acquire non-current assets	-2,312	-2,306
Changes in cash and cash equivalents due to the repayment of financial assets	34	23
Net cash from/used in investing activities	-2,002	-2,283
Payments to owners and minority interests	-151	-152
Interest and dividend receipts	27	18
Interest expenditure	-741	-1,039
Proceeds from raising loans	2,500	24,500
Payments for the repayment of loans	-3,662	-23,673
Net cash from/used in financing activities	-2,027	-346
Net change in cash and cash equivalents	397	1,531
Changes in cash and cash equivalents due to exchange rates and other factors	491	-209
Cash and cash equivalents at the start of period	4,755	2,835
Cash and cash equivalents at the end of period	5,643	4,157

* unaudited



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An insulated ventilation hose of the  **MATZEN & TIMM** brand reduces heat loss in the air conditioning unit of an aircraft

Consolidated statement of changes in equity

	Sub- scribed capital	Capital reserve	Retained earnings (retained profits brought forward)	
	k€	k€	k€	
Equity as of 31.12.2013	8,732	26,252	-10,757	
Consolidated net income/ Minority interests	0	0	2,794	
Changes in fair values of financial instruments	0	0	0	
Currency translation gains/ losses from translation of foreign financial statements	0	0	0	
Overall result for the financial year	0	0	2,794	
Dividend distributions	0	0	0	
Other changes	0	0	0	
Equity as of 30.09.2014	8,732	26,252	-7,963	
Equity as of 31.12.2012	8,732	26,252	-13,642	
Consolidated net income/ Minority interests	0	0	2,087	
Changes in fair values of financial instruments	0	0	0	
Currency translation gains/ losses from translation of foreign financial statements	0	0	0	
Overall result for the financial year	0	0	2,087	
Dividend distributions	0	0	0	
Change due to equity increases/ decreases	0	0	0	
Other changes	0	0	0	
Equity as of 30.09.2013	8,732	26,252	-11,555	

	Revaluation reserve	Exchange differences	Minority interest	Total
	k€	k€	k€	k€
	-591	-1,189	576	23,023
	0	0	45	2,839
	14	0	0	14
	0	491	0	491
	14	491	45	3,344
	0	0	-151	-151
	0	0	0	0
	-577	-698	470	26,216
	-733	-621	536	20,524
	0	0	130	2,217
	42	0	0	42
	0	-209	0	-209
	42	-209	130	2,050
	0	0	-151	-151
	0	0	0	0
	0	0	0	0
	-691	-830	515	22,423

Notes to the Quarterly financial report 3/2014

1. Reporting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and International Accounting Standards (IAS) of the International Accounting Standard Board (IAS B) and is in keeping with the company's key accounting principles presented here. The same accounting principles were applied as in the consolidated financial statements for the financial year that ended on 31 December 2013.

2. Basis of consolidation

With effect of 31 August 2014, SURPRO Verwaltungsgesellschaft mbH was merged into Masterflex Handelsgesellschaft mbH. Besides this, fact, the basis of consolidation has not changed in comparison with 31 December 2013.

3. Dividend

Masterflex SE did not pay a dividend for the financial year 2013.

4. Segment reporting

The Masterflex Group divides up its operating segments in accordance with the criteria of IFRS 8. Control is carried out on the basis of the information that the management, as chief operating decision maker, receives for measuring the performance of and allocating resources for the entire Masterflex Group (management approach).

The basis of segmentation has not changed in comparison with the consolidated financial statements of 31 December 2013. Masterflex Entwicklungs GmbH and Masterflex Vertriebs GmbH are presented on a uniform basis under "Discontinued business units". The Masterflex Group thus has one operating segment, the core High-tech hose systems business unit (HTS).

Segment reporting	High-tech hose systems	Continued operations	Discontinued operations	Total segments
30.09.2014	k€	k€	k€	k€
Revenue from non-Group third parties	48,079	48,079	0	48,079
Earnings (EBIT)	5,312	5,312	-37	5,275
Investments in property, plant and equipment and intangible assets	2,312	2,312	0	2,312
Depreciations	2,122	2,122	0	2,122
Assets	57,363	57,363	7	57,370

Segment reporting	High-tech hose systems	Continued operations	Discontinued operations	Total segments
30.09.2013	k€	k€	k€	k€
Revenue from non-Group third parties	44,153	44,153	0	44,153
Earnings (EBIT)	4,655	4,655	-29	4,626
Investments in property, plant and equipment and intangible assets	2,306	2,306	0	2,306
Depreciations	1,908	1,908	0	1,908
Assets	55,457	55,457	12	55,469

5. Earnings per share

Basic earnings per share is calculated in accordance with IAS 33 by dividing consolidated net income by the weighted average of the number of shares in circulation during reporting period. As at 30 September 2014, basic earnings per share from continued operations amounted to € 0.32 and earnings per share from continued and discontinued operations amounted also to € 0.32; both figures are based on a weighted average number of shares of 8,865,874.

Since there is no stock option plan, diluted earnings are not calculated.

6. Treasury shares

As at 30 September 2014 Masterflex SE held a total of 134,126 treasury shares.

7. Employees

In the reporting period, the number of employees was 579, up 9.5% on the previous year period (529 employees).

8. Income tax

In the calculation of income tax expense in the Quarterly financial report, the estimated effective income tax rate for the current financial year 2014 is included in the intra-year calculation of tax expense. The effective tax rate is based on current earnings and tax planning.

9. Cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS 7 (Cash Flow Statements). A distinction is made between cash flows from operating, investing and financing activities. The cash and cash equivalents reported in the cash flow statement correspond to the, cash in hand and bank balances' reported on the face of the balance sheet.

The cash and cash equivalents at the end of the period, as presented in the consolidated cash flow statement, can be reconciled to the associated items in the consolidated balance sheet as follows:

	30.09.2014 k€	30.09.2013 k€
Cash and cash equivalents at the end of period	5,643	4,157
Cash in hand and bank balances included in assets held for sale	7	8
Cash in hand and bank balances	5,636	4,149

10. Related party disclosures

Masterflex SE and the companies included in the consolidated financial statements conducted material transactions with the following related parties within the meaning of IAS 24:

MODICA Grundstücks-Vermietungsgesellschaft mbH & Co.,
Objekt Masterflex KG, Gelsenkirchen.

The relationships are explained in the Notes to the consolidated financial statements under note 35 in the 2013 Annual Report. The purchasing right of the leasing agreement, which expired as of 31 July 2014, has been exercised on 1 August 2014. Besides this fact, there have been no other changes to the comments made there in the reporting period.

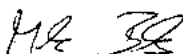
11. Auditor's review of the Interim report

The interim financial statements and the interim management report in the quarterly financial report were neither audited in accordance with section 317 of the German Commercial Code nor reviewed by an auditor.

Gelsenkirchen, 3 November 2014



Dr. Andreas Bastin
CEO



Mark Becks
CFO

 MASTERFLEX

 MATZEN & TIMM

 NOVOPLAST
SCHLAUCHTECHNIK

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